

## **DEPARTMENTAL BUDGET INFORMATION CIVIC CENTER (14)**

### **MISSION**

The mission of the Civic Center Department is to provide and promote world class facilities and services for conventions, trade shows, banquets, special events, cultural events and major public and sporting events in order to create both temporary and permanent economic impact to the City of Detroit. Additionally, the mission is to aid City of Detroit agencies in providing for the City's "Cops, Kids and Clean" cornerstones as well as to aid in the delivery of the City's core services.

### **DESCRIPTION**

The Civic Center Department strives to fuel the demand for hospitality-related businesses and foster future economic development by providing a safe, attractive, customer-friendly convention center complex.

Cobo Center is host to 7,000+ events per year, including Athletic League, Old Newsboys Christmas for Kids, Adopt-A-Child, Thanksgiving Day Parade, Barat Child and Family Services, Boys & Girls Club, The Children's Center, Northeast Guidance Center, etc. Cobo Center accomplishes this feat in a complex that boasts 700,000 square feet of exhibit space, five (5) exhibit halls, 84 meeting rooms, four (4) banquet facilities and contains 2.4 million total square feet of space to be managed.

The department provides, at no charge to City agencies, meeting rooms, training rooms, orientation for new City of Detroit employees, conference facilities, venues for recruiting, training, human resource

development and graduations for all public safety departments.

An estimated four million attendees are attracted to Downtown Detroit providing and enhancing the employment opportunities for thousands of Detroit residents, with an estimated \$1 billion to \$1.2 billion annual economic impact.

Publicity and media coverage surrounding the events held at the Civic Center sends a strong message worldwide that Detroit is a vibrant city for commerce, culture and entertainment.

### **MAJOR INITIATIVES**

To continue to attract new events and maintain the Department's high retention rate of existing shows.

### **PLANNING FOR THE FUTURE**

Exploring and securing permanent and additional sources of revenues for Cobo Center continues. Aid is needed in securing new and additional hotel rooms. Exploration of a Phase III expansion of Cobo Center is executed.

While Cobo Center has developed a three-phase expansion format plan for the future, currently there is no funding mechanism to address this expansion. Detroit Metro Convention and Visitors Bureau (DMCVB) is currently funding a feasibility study, along with information from Cobo Center, to determine the viability of an expansion along with the appropriate characteristic components. It should be noted that any expansion would require both funding for

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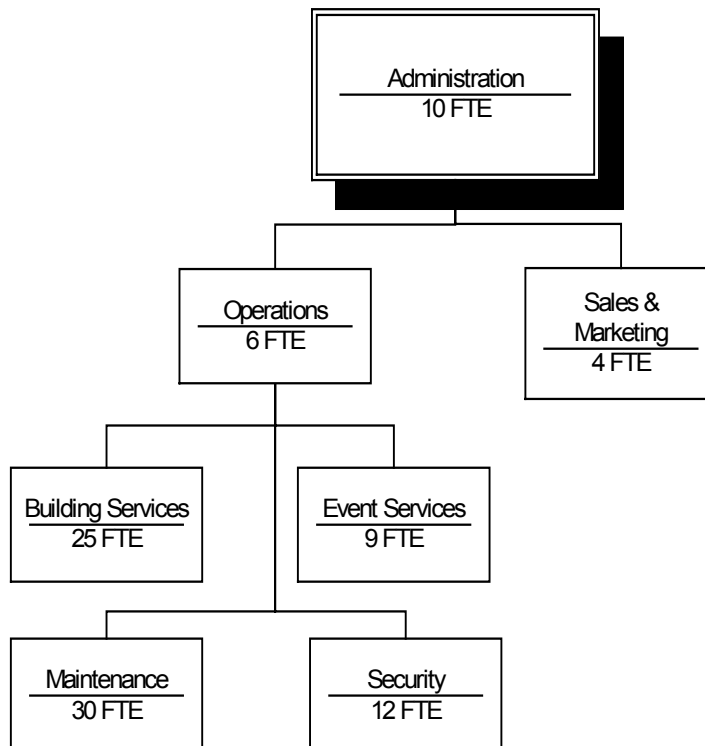
construction as well as permanent funding for future capital improvements.

The core of the Cobo Center facility is now approaching 40 years of age. Maintenance and capital improvements are the two (2) most critical funding issues for the future. The Cobo Center Hotel Tax portion devoted to capital expenditure is now at its lowest point and declining annually. Within seven (7) years, this fund will be completely non-existent due to the pay-down of the expansion bonds. The primary plan for the future is to secure long-range permanent

funding for maintenance (both preventive and repair) and capital improvements.

The Department struggles to retain staff due to competition from outside forces, most notably, the three (3) casinos that can afford to attract our employees with higher salaries and increased benefit packages.

Concern is paramount for anticipating future repairs to the Lodge Freeway Bridge in front of Cobo Center. Concern is both for logistics for events as well as possible lost revenue during the inconvenience of construction.



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**PERFORMANCE GOALS, MEASURES AND TARGETS**

<b>Goals: Measures</b>	<b>2000-01 Actual</b>	<b>2001-02 Projection</b>	<b>2002-03 Target</b>
Increase booking and event-generated revenue through proactive initiatives:			
Number of bookings	672	630	700
New bookings	243	225	250
Number of trade shows and conventions	40	35	40
Detroit hotel occupancy rate	77%	76%	80%

**EXPENDITURES**

	2000-01 Actual Expense	2001-02 Redbook	2002-03 Mayor's Budget Rec	Variance	Variance Percent
Salary & Wages	\$ 4,054,758	\$ 4,308,410	\$ 4,169,568	\$ (138,842)	-3%
Employee Benefits	1,983,255	2,169,523	2,092,885	(76,638)	-4%
Prof/Contractual	4,030,970	4,055,300	4,347,300	292,000	7%
Operating Supplies	3,869,821	3,906,120	1,719,951	(2,186,169)	-56%
Operating Services	7,123,797	5,641,352	7,678,645	2,037,293	36%
Capital Equipment	28,839	-	-	-	-100%
Capital Outlays	6,490,854	3,300,000	2,800,000	(500,000)	-15%
Fixed Charges	2,063,937	2,063,939	2,063,938	(1)	0%
Other Expenses	365,365	357,225	366,690	9,465	3%
<b>TOTAL</b>	<b>\$ 30,011,596</b>	<b>\$ 25,801,869</b>	<b>\$ 25,238,977</b>	<b>\$ (562,892)</b>	<b>-2%</b>
<b>POSITIONS</b>	<b>90</b>	<b>106</b>	<b>96</b>	<b>(10)</b>	<b>-9%</b>

**REVENUES**

	2000-01 Actual Revenue	2001-02 Redbook	2002-03 Mayor's Budget Rec	Variance	Variance Percent
Rev from Use of Assets	\$ 6,971,463	\$ 7,045,000	\$ 7,009,051	\$ (35,949)	-1%
Sales & Charges	344,955	520,991	562,859	41,868	8%
Contrib/Transfers	1,400,358	1,700,000	1,400,000	(300,000)	-18%
Miscellaneous	8,830	1,607,000	1,407,000	(200,000)	-12%
<b>TOTAL</b>	<b>\$ 8,725,606</b>	<b>\$ 10,872,991</b>	<b>\$ 10,378,910</b>	<b>\$ (494,081)</b>	<b>-5%</b>

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